

BILLING CODE: 3510-DS-P

DEPARTMENT OF COMMERCE

International Trade Administration

[C-533-892]

Forged Steel Fittings from India: Initiation of Countervailing Duty Investigation

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

DATES: Applicable November 12, 2019.

FOR FURTHER INFORMATION CONTACT: Lauren Caserta, AD/CVD Operations, Office VII, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-4737.

SUPPLEMENTARY INFORMATION:

The Petition

On October 23, 2019, the U.S. Department of Commerce (Commerce) received a countervailing duty (CVD) petition concerning imports of forged steel fittings from India, filed in proper form on behalf of Bonney Forge Corporation, a domestic producer of forged steel fittings, and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (USW), a certified labor union whose members include workers at the facilities in which the domestic like product is produced

(collectively, the petitioners).¹ The Petition was accompanied by antidumping duty (AD) petitions concerning imports of forged steel fittings from India and the Republic of Korea (Korea).²

On October 28, 2019, Commerce requested further information pertaining to certain aspects of the Petition in supplemental questionnaires.³ The petitioners filed responses to the supplemental questionnaires on October 30, 2019.⁴

In accordance with section 702(b)(1) of the Tariff Act of 1930, as amended (the Act), the petitioner alleges that the Government of India (GOI) is providing countervailable subsidies, within the meaning of sections 701 and 771(5) of the Act, to producers of forged steel fittings in India, and that imports of such products are materially injuring, or threatening material injury to, the forged steel fittings industry in the United States. Consistent with section 702(b)(1) of the Act and 19 CFR 351.202(b), for those alleged programs on which we are initiating CVD investigation, the Petition is accompanied by information reasonably available to the petitioners supporting their allegations.

Commerce finds that the petitioners filed the Petition on behalf of the domestic industry, because the petitioners are an interested party, as defined in section 771(9)(C) of the Act.

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¹ See Petitioners' Letter, "Petition for the Imposition of Antidumping and Countervailing Duties: Forged Steel Fittings from India and the Republic of Korea," dated October 23, 2019 (the Petition).

³ See Commerce's Letters, "Petition for the Imposition of Countervailing Duties on Imports of Certain Forged Steel Fittings from India: Supplemental Questions," dated October 28, 2019; and "Petitions for the Imposition of Antidumping and Countervailing Duties on Imports of Forged Steel Fittings from India and the Republic of Korea and Countervailing Duties on Imports of Forged Steel Fittings from India: Supplemental Questions," dated October 28, 2019.

⁴ See Petitioners' Letters, "Forged Steel Fittings from India: Response to Supplemental Questionnaire," dated October 30, 2019; and "Forged Steel Fittings from India and the Republic of Korea: Response to General Issues Questionnaire," dated October 30, 2019 (General Issues Supplement).

Commerce also finds that the petitioners demonstrated sufficient industry support necessary for the initiation of the requested CVD investigation.⁵

Period of Investigation

Because the Petition was filed on October 23, 2019, the period of investigation (POI) is January 1, 2018 through December 31, 2018.⁶

Scope of the Investigation

The products covered by this investigation are forged steel fittings from India. For a full description of the scope of this investigation, *see* the Appendix to this notice.

Comments on the Scope of the Investigation

During our review of the Petition, we contacted the petitioners regarding the proposed scope to ensure that the scope language in the Petition is an accurate reflection of the products for which the domestic industry is seeking relief.⁷ As a result, the scope of the Petition was modified to clarify the description of the merchandise covered by the Petition. The description of the merchandise covered by this investigation, as described in the Appendix to this notice, reflects these clarifications.

As discussed in the *Preamble* to Commerce's regulations, we are setting aside a period for interested parties to raise issues regarding product coverage (scope).⁸ Commerce will consider all comments received from interested parties and, if necessary, will consult with interested parties prior to the issuance of the preliminary determination. If scope comments include factual information,⁹ all such factual information should be limited to public information.

⁵ See the "Determination of Industry Support for the Petition" section, infra.

⁶ See 19 CFR 351.204(b)(2).

⁷ See General Issues Supplemental.

⁸ See Antidumping Duties; Countervailing Duties; Final Rule, 62 FR 27296, 27323 (May 19, 1997) (Preamble).

⁹ See 19 CFR 351.102(b)(21) (defining "factual information").

To facilitate preparation of its questionnaires, Commerce requests that all interested parties submit such comments by 5:00 p.m. Eastern Time (ET) on December 2, 2019, which is 20 calendar days from the signature date of this notice. Any rebuttal comments, which may include factual information, must be filed by 5:00 p.m. ET on December 12, 2019, which is 10 calendar days from the initial comments deadline.¹⁰

Commerce requests that any factual information parties consider relevant to the scope of the investigation be submitted during this period. However, if a party subsequently finds that additional factual information pertaining to the scope of the investigation may be relevant, the party may contact Commerce and request permission to submit the additional information. All such submissions must be filed on the records of the concurrent AD and CVD investigations.

Filing Requirements

All submissions to Commerce must be filed electronically via Enforcement and Compliance's Antidumping Duty and Countervailing Duty Centralized Electronic Service System (ACCESS).¹¹ An electronically filed document must be received successfully in its entirety by the time and date it is due. Documents exempted from the electronic submission requirements must be filed manually (*i.e.*, in paper form) with Enforcement and Compliance's APO/Dockets Unit, Room 18022, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230, and stamped with the date and time of receipt by the applicable deadlines.

¹⁰ See 19 CFR 351.303(b).

¹¹ See Antidumping and Countervailing Duty Proceedings: Electronic Filing Procedures; Administrative Protective Order Procedures, 76 FR 39263 (July 6, 2011); see also Enforcement and Compliance: Change of Electronic Filing System Name, 79 FR 69046 (November 20, 2014) for details of Commerce's electronic filing requirements, which went into effect on August 5, 2011. Information on help using ACCESS can be found at https://access.trade.gov/help.aspx, and a handbook can be found at https://access.trade.gov/help/Handbook%20on%20Electronic%20Filling%20Procedures.pdf.

Consultations

Pursuant to sections 702(b)(4)(A)(i) and (ii) of the Act, Commerce notified representatives of the GOI of the receipt of the Petition and provided them the opportunity for consultations with respect to the Petition.¹² Consultations were held with the GOI on November 7, 2019.¹³

Determination of Industry Support for the Petition

Section 702(b)(1) of the Act requires that a petition be filed on behalf of the domestic industry. Section 702(c)(4)(A) of the Act provides that a petition meets this requirement if the domestic producers or workers who support the petition account for: (i) At least 25 percent of the total production of the domestic like product; and (ii) more than 50 percent of the production of the domestic like product by that portion of the industry expressing support for, or opposition to, the petition. Moreover, section 702(c)(4)(D) of the Act provides that, if the petition does not establish support of domestic producers or workers accounting for more than 50 percent of the total production of the domestic like product, Commerce shall: (i) Poll the industry or rely on other information in order to determine if there is support for the petition, as required by subparagraph (A); or (ii) determine industry support using a statistically valid sampling method to poll the "industry."

Section 771(4)(A) of the Act defines the "industry" as the producers, as a whole, of a domestic like product. Thus, to determine whether a petition has the requisite industry support, the statute directs Commerce to look to producers and workers who produce the domestic like product. The International Trade Commission (ITC), which is responsible for determining

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¹² See Memorandum, "Countervailing Duty Petition on Forged Steel Fittings from India: Invitation for Consultations to Discuss the Countervailing Duty Petition," dated October 24, 2019.

¹³ See Memorandum, "Consultations with Government of India Officials regarding the Countervailing Duty Petition on Forged Steel Fittings from India," dated November 8, 2019.

whether "the domestic industry" has been injured, must also determine what constitutes a domestic like product in order to define the industry. While both Commerce and the ITC must apply the same statutory definition regarding the domestic like product, ¹⁴ they do so for different purposes and pursuant to a separate and distinct authority. In addition, Commerce's determination is subject to limitations of time and information. Although this may result in different definitions of the like product, such differences do not render the decision of either agency contrary to law. ¹⁵

Section 771(10) of the Act defines the domestic like product as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this title." Thus, the reference point from which the domestic like product analysis begins is "the article subject to an investigation" (*i.e.*, the class or kind of merchandise to be investigated, which normally will be the scope as defined in the petition).

With regard to the domestic like product, the petitioners do not offer a definition of the domestic like product distinct from the scope of the investigation.¹⁶ Based on our analysis of the information submitted on the record, we have determined that forged steel fittings, as defined in the scope, constitute a single domestic like product, and we have analyzed industry support in terms of that domestic like product.¹⁷

¹⁴ See section 771(10) of the Act.

¹⁵ See USEC, Inc. v. United States, 132 F. Supp. 2d 1, 8 (CIT 2001) (citing Algoma Steel Corp., Ltd. v. United States, 688 F. Supp. 639, 644 (CIT 1988), aff'd 865 F.2d 240 (Fed. Cir. 1989)).

¹⁶ See Volume I of the Petition at 12-14; see also General Issues Supplement at 6.

¹⁷ For a discussion of the domestic like product analysis as applied to this case and information regarding industry support, *see* Countervailing Duty Investigation Initiation Checklist: Forged Steel Fittings from India (India CVD Initiation Checklist), at Attachment II, Analysis of Industry Support for the Antidumping and Countervailing Duty Petition Covering Forged Steel Fittings from India and the Republic of Korea (Attachment II). This checklist is dated concurrently with this notice and on file electronically *via* ACCESS. Access to documents filed via ACCESS is also available in the Central Records Unit, Room B8024 of the main Commerce building.

In determining whether the petitioners have standing under section 702(c)(4)(A) of the Act, we considered the industry support data contained in the Petition with reference to the domestic like product as defined in the "Scope of the Investigation," in the Appendix to this notice. To establish industry support, the petitioners provided their own production of the domestic like product in 2018, as well as the 2018 production of Capitol Manufacturing Company LLC (Capitol Manufacturing), a U.S. producer of forged steel fittings that supports the Petition. The petitioners compared the production of the supporters of the Petition to the estimated total production of the domestic like product for the entire domestic industry. We relied on data provided by the petitioners for purposes of measuring industry support. 20

Our review of the data provided in the Petition, the General Issues Supplement, and other information readily available to Commerce indicates that the petitioners have established industry support for the Petition.²¹ First, the Petition established support from domestic producers (or workers) accounting for more than 50 percent of the total production of the domestic like product and, as such, Commerce is not required to take further action in order to evaluate industry support (*e.g.*, polling).²² Second, the domestic producers (or workers) have met the statutory criteria for industry support under section 702(c)(4)(A)(i) of the Act because the domestic producers (or workers) who support the Petition account for at least 25 percent of the total production of the domestic like product.²³ Finally, the domestic producers (or workers) have met the statutory criteria for industry support under section 702(c)(4)(A)(ii) of the Act because the domestic producers (or workers) who support the Petition account for more than 50

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¹⁸ See Volume I of the Petition at 4 and Exhibits I-3 and I-4.

¹⁹ *Id.* at 4-5 and Exhibits I-3 and I-4; *see also* General Issues Supplement at 6-8 and Exhibit 12.

²⁰ See Volume I of the Petition at 4-5 and Exhibits I-3 and I-4; see also General Issues Supplement at 6-8 and Exhibit 12. For further discussion, see India CVD Initiation Checklist at Attachment II.

²¹ See India CVD Initiation Checklist at Attachment II.

²² *Id.*; see also section 702(c)(4)(D) of the Act.

²³ See India CVD Initiation Checklist at Attachment II.

percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the Petition.²⁴ Accordingly, Commerce determines that the Petition was filed on behalf of the domestic industry, within the meaning of section 702(b)(1) of the Act.

Injury Test

Because India is a "Subsidies Agreement Country" within the meaning of section 701(b) of the Act, section 701(a)(2) of the Act applies to this investigation. Accordingly, the ITC must determine whether imports of the subject merchandise from India materially injure, or threaten material injury to, a U.S. industry.

Allegations and Evidence of Material Injury and Causation

The petitioners allege that imports of the subject merchandise are benefitting from countervailable subsidies and that such imports are causing, or threaten to cause, material injury to the U.S. industry producing the domestic like product. In addition, the petitioners allege that subject imports exceed the negligibility threshold provided for under section 771(24)(A) of the Act.²⁵ Further, section 771(24)(B) of the Act provides that imports of subject merchandise from developing and least developed countries must exceed the negligibility threshold of four percent. The petitioners also demonstrate that subject imports from India, which has been designated as a least developed country under section 771(36)(B) of the Act, exceed the negligibility threshold of four percent.²⁶

The petitioners contend that the industry's injured condition is illustrated by a significant and increasing volume of subject imports; reduced market share; underselling and price

²⁴ *Id*

²⁵ See Volume I of the Petition at 22 and Exhibit I-15.

 $^{^{26}}$ *Id*

depression or suppression; and declines in the domestic industry's production, capacity utilization, U.S. shipments, and financial performance.²⁷ We have assessed the allegations and supporting evidence regarding material injury, threat of material injury, causation, as well as cumulation, and we have determined that these allegations are properly supported by adequate evidence, and meet the statutory requirements for initiation.²⁸

Initiation of CVD Investigation

Based on the examination of the Petition and supplemental response, we find that they meet the requirements of section 702 of the Act. Therefore, we are initiating a CVD investigation to determine whether imports of forged steel fittings from India benefit from countervailable subsidies conferred by the GOI. In accordance with section 703(b)(1) of the Act and 19 CFR 351.205(b)(1), unless postponed, we will make our preliminary determination no later than 65 days after the date of this initiation.

Based on our review of the Petition, we find that there is sufficient information to initiate a CVD investigation on 36 of the 45 alleged programs. For a full discussion of the basis for our decision to initiate (or not initiate) on each program, *see* CVD Initiation Checklist. A public version of the initiation checklist for this investigation is available on ACCESS.

Respondent Selection

In the Petition, the petitioner named 12 companies in India as producers/exporters of forged steel fittings.²⁹ Commerce intends to follow its standard practice in CVD investigations and calculate company-specific subsidy rates in this investigation. In the event Commerce

²⁷ *Id.* at 16-35 and Exhibits I-1, I-14, I-15 and I-17 through I-20.

²⁸ See India CVD Initiation Checklist at Attachment III, Analysis of Allegations and Evidence of Material Injury and Causation for the Antidumping and Countervailing Duty Petitions Covering Forged Steel Fittings from India and the Republic of Korea.

²⁹ See Volume I of the Petition at Exhibit I-13.

determines that the number of companies is large, and it cannot individually examine each company based upon Commerce's resources, where appropriate, Commerce intends to select mandatory respondents based on U.S. Customs and Border Protection (CBP) data for U.S. imports of forged steel fittings from India during the POI under the appropriate Harmonized Tariff Schedule of the United States numbers listed in the "Scope of the Investigation," in the Appendix.

On November 7, 2019, Commerce released CBP data under Administrative Protective Order (APO) to all parties with access to information protected by APO and indicated that interested parties wishing to comment regarding the CBP data and respondent selection must do so within three business days of the publication date of the notice of initiation of this CVD investigation. Commerce will not accept rebuttal comments regarding the CBP data or respondent selection.

Interested parties must submit applications for disclosure under APO in accordance with 19 CFR 351.305(b). Instructions for filing such applications may be found on the Commerce's website at http://enforcement.trade.gov/apo.

Comments must be filed electronically using ACCESS. An electronically filed document must be received successfully, in its entirety, by ACCESS no later than 5:00 p.m. ET on the date noted above. We intend to finalize our decisions regarding respondent selection within 20 days of publication of this notice.

Distribution of Copies of the Petition

In accordance with section 702(b)(4)(A)(i) of the Act and 19 CFR 351.202(f), copies of the public version of the Petition have been provided to the GOI and the Government of Korea

³⁰ See Memorandum, "Forged Steel Fittings from India; Release of Customs Data from U.S. Customs and Border Protection," dated November 7, 2019.

via ACCESS. To the extent practicable, we will attempt to provide a copy of the public version of the Petition to each exporter named in the Petition, as provided under 19 CFR 351.203(c)(2). **ITC Notification**

We will notify the ITC of our initiation, as required by section 702(d) of the Act. Preliminary Determination by the ITC

The ITC will preliminarily determine, within 45 days after the date on which the Petition was filed, whether there is a reasonable indication that imports of forged steel fittings from India are materially injuring, or threatening material injury to, a U.S. industry. ³¹ A negative ITC determination will result in the investigation being terminated with respect to that country.³² Otherwise, this CVD investigation will proceed according to statutory and regulatory time limits. Submission of Factual Information

Factual information is defined in 19 CFR 351.102(b)(21) as: (i) Evidence submitted in response to questionnaires; (ii) evidence submitted in support of allegations; (iii) publicly available information to value factors under 19 CFR 351.408(c) or to measure the adequacy of remuneration under 19 CFR 351.511(a)(2); (iv) evidence placed on the record by Commerce; and (v) evidence other than factual information described in (i)–(iv). Section 19 CFR 351.301(b) requires any party, when submitting factual information, to specify under which subsection of 19 CFR 351.102(b)(21) the information is being submitted and, if the information is submitted to rebut, clarify, or correct factual information already on the record, to provide an explanation identifying the information already on the record that the factual information seeks to rebut, clarify, or correct. Time limits for the submission of factual information are addressed in 19 CFR 351.301, which provides specific time limits based on the type of factual information

³¹ *See* section 703(a)(2) of the Act. ³² *See* section 703(a)(1) of the Act.

being submitted. Interested parties should review the regulations prior to submitting factual information in this investigation.

Extensions of Time Limits

Parties may request an extension of time limits before the expiration of a time limit established under 19 CFR 351.301, or as otherwise specified by the Secretary. In general, an extension request will be considered untimely if it is filed after the expiration of the time limit established under 19 CFR 351.301. For submissions that are due from multiple parties simultaneously, an extension request will be considered untimely if it is filed after 10:00 a.m. ET on the due date. Under certain circumstances, we may elect to specify a different time limit by which extension requests will be considered untimely for submissions which are due from multiple parties simultaneously. In such a case, we will inform parties in the letter or memorandum setting forth the deadline (including a specified time) by which extension requests must be filed to be considered timely. An extension request must be made in a separate, standalone submission; under limited circumstances we will grant untimely-filed requests for the extension of time limits. Parties should review *Extension of Time Limits; Final Rule*, 78 FR 57790 (September 20, 2013), available at https://www.govinfo.gov/content/pkg/FR-2013-09-20/html/2013-22853.htm, prior to submitting factual information in this investigation.

Certification Requirements

Any party submitting factual information in an AD or CVD proceeding must certify to the accuracy and completeness of that information.³³ Parties must use the certification formats

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³³ See section 782(b) of the Act.

provided in 19 CFR 351.303(g).³⁴ Commerce intends to reject factual submissions if the

submitting party does not comply with the applicable certification requirements.

Notification to Interested Parties

Interested parties must submit applications for disclosure under APO in accordance with

19 CFR 351.305. On January 22, 2008, Commerce published Antidumping and Countervailing

Duty Proceedings: Documents Submission Procedures; APO Procedures, 73 FR 3634 (January

22, 2008). Parties wishing to participate in this investigation should ensure that they meet the

requirements of these procedures (e.g., the filing of letters of appearance as discussed at 19 CFR

351.103(d)).

This notice is issued and published pursuant to sections 702(c)(2) and 777(i) of the Act

and 19 CFR 351.203(c).

Dated: November 12, 2019.

Jeffrey I. Kessler,

Assistant Secretary

for Enforcement and Compliance.

³⁴ See Certification of Factual Information to Import Administration During Antidumping and Countervailing Duty Proceedings, 78 FR 42678 (July 17, 2013) (Final Rule); see also frequently asked questions regarding the Final Rule, available at http://enforcement.trade.gov/tlei/notices/factual info final rule FAO 07172013.pdf.

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Appendix

Scope of the Investigation

The merchandise covered by this investigation is carbon and alloy forged steel fittings, whether unfinished (commonly known as blanks or rough forgings) or finished. Such fittings are made in a variety of shapes including, but not limited to, elbows, tees, crosses, laterals, couplings, reducers, caps, plugs, bushings, unions, and outlets. Forged steel fittings are covered regardless of end finish, whether threaded, socket-weld or other end connections. The scope includes integrally reinforced forged branch outlet fittings, regardless of whether they have one or more ends that is a socket welding, threaded, butt welding end, or other end connections.

While these fittings are generally manufactured to specifications ASME B16.11, MSS SP-79, MSS SP-83, MSS-SP-97, ASTM A105, ASTM A350 and ASTM A182, the scope is not limited to fittings made to these specifications.

The term forged is an industry term used to describe a class of products included in applicable standards, and it does not reference an exclusive manufacturing process. Forged steel fittings are not manufactured from casings. Pursuant to the applicable standards, fittings may also be machined from bar stock or machined from seamless pipe and tube.

All types of forged steel fittings are included in the scope regardless of nominal pipe size (which may or may not be expressed in inches of nominal pipe size), pressure class rating (expressed in pounds of pressure, *e.g.*, 2,000 or 2M; 3,000 or 3M; 6,000 or 6M; 9,000 or 9M), wall thickness, and whether or not heat treated.

Excluded from this scope are all fittings entirely made of stainless steel. Also excluded are flanges, nipples, and all fittings that have a maximum pressure rating of 300 pounds per square inch/PSI or less.

Also excluded from the scope are fittings certified or made to the following standards, so long as the fittings are not also manufactured to the specifications of ASME B16.11, MSS SP-79, MSS SP-83, MSS SP-97, ASTM A105, ASTM A350 and ASTM A182:

- American Petroleum Institute (API) 5CT, API 5L, or API 11B;
- American Society of Mechanical Engineers (ASME) B16.9;
- Manufacturers Standardization Society (MSS) SP-75;
- Society of Automotive Engineering (SAE) J476, SAE J514, SAE J516, SAE J517, SAE J518, SAE J1026, SAE J1231, SAE J1453, SAE J1926, J2044 or SAE AS 35411;
- Hydraulic hose fittings (*e.g.*, fittings used in high pressure water cleaning applications, in the manufacture of hydraulic engines, to connect rubber dispensing hoses to a dispensing nozzle or grease fitting) made to ISO 12151-1, 12151-2, 12151-3, 12151-4, 12151-5, or 12151-6;
- Underwriter's Laboratories (UL) certified electrical conduit fittings;
- ASTM A153, A536, A576, or A865;
- Casing conductor connectors made to proprietary specifications;

- Machined steel parts (*e.g.*, couplers) that are not certified to any specifications in this scope description and that are not for connecting steel pipes for distributing gas and liquids;
- Oil country tubular goods (OCTG) connectors (*e.g.*, forged steel tubular connectors for API 5L pipes or OCTG for offshore oil and gas drilling and extraction);
- Military Specification (MIL) MIL-C-4109F and MIL-F-3541; and
- International Organization for Standardization (ISO) ISO6150-B.

To be excluded from the scope, products must have the appropriate standard or pressure markings and/or be accompanied by documentation showing product compliance to the applicable standard or pressure, *e.g.*, "API 5CT" mark and/or a mill certification report.

Subject carbon and alloy forged steel fittings are normally entered under Harmonized Tariff Schedule of the United States (HTSUS) 7307.92.3010, 7307.92.3030, 7307.92.9000, 7307.99.1000, 7307.99.3000, 7307.99.5045, and 7307.99.5060. They may also be entered under HTSUS 7307.93.3010, 7307.93.3040, 7307.93.6000, 7307.93.9010, 7307.93.9040, 7307.93.9060, and 7326.19.0010.

The HTSUS subheadings and specifications are provided for convenience and customs purposes; the written description of the scope is dispositive.

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